



**Central Vermont Public Service Corporation**  
**Legal Department**

77 Grove Street  
Rutland, Vermont 05701

Kenneth C. Picton, Esq.  
Assistant General Counsel

Phone: (802) 747-5372  
Fax: (802) 747-2189  
kpicton@cvps.com

August 11, 2008

Ms. Susan M. Hudson, Clerk  
Public Service Board  
Chittenden Bank Building, 4<sup>th</sup> Floor  
112 State Street  
Post Office Drawer 20  
Montpelier, VT 05620-2701

Re: Docket No. 7336: Brief and Proposal for Decision of CVPS: Errata filing

Dear Ms. Hudson:

On August 8, 2008, CVPS filed its Brief and Proposal for Decision ("Brief"). On page 4 of the Brief, a blank was not filled in. The sentence that reads:

*If the Board determines that a non-power cost cap should be established in lieu of the proposed Unicap and Subcap, the Company recommends, at page \_\_\_ of this Brief, an alternative for consideration as a reasonable non-power cost cap formulation that is consistent with the model approved for the VGS alternative regulation plan.*

should read:

*If the Board determines that a non-power cost cap should be established in lieu of the proposed Unicap and Subcap, the Company recommends, at page 67 of this Brief, an alternative for consideration as a reasonable non-power cost cap formulation that is consistent with the model approved for the VGS alternative regulation plan.*

I have enclosed changed pages for insertion into the hardcopies sent Friday. Copies have been provided electronically to the parties today, with hardcopies being mailed. Thank you, and should you have questions concerning this filing, please do not hesitate to contact me.

Sincerely,

Kenneth C. Picton

KCP/k

enc.

c: Parties

Company to find efficiency gains in power management and operations, while allowing investments to improve network delivery services. In addition, the Plan provides for regular (quarterly) rate adjustments to flow through to ratepayers increases or decreases in power and transmission costs (which make up the majority of CVPS's total costs). Importantly, the Plan provides a lower return on equity which has the effect of immediately lowering customer rates. Through this framework, and other provisions, the Plan will enable CVPS to continue to have a reasonable opportunity to recover its operating costs and earn a fair return on equity.

The Department opposes only the Plan's incentive formation, specifically the formulation of cost caps (the "Unicap" and "Subcap") and aspects of the formulation of the Earnings Sharing Adjustment Mechanism. Based on the CLF Stipulation, the Conservation Law Foundation supports the Plan as consistent with the statutory requirements for such plans in 30 V.S.A. § 218d.

We have considered the Department's objections and believe that the Board should approve the Plan with certain modifications as discussed below. The evidence indicates that the rate decrease of 0.5 percent on November 1, 2008, will result in rates that are just and reasonable. No party has presented evidence that would support a different rate decrease.

*If the Board determines that a non-power cost cap should be established in lieu of the proposed Unicap and Subcap, the Company recommends, at page 67 of this Brief, an alternative for consideration as a reasonable non-power cost cap formulation that is consistent with the model approved for the VGS alternative regulation plan.*

The Company submits that, on balance, approval of the alternative regulation plan is in